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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

SCCT-01 AGR-05 COME-00 EB-07 LAB-04 SIL-01 ACDA-05

CU-02 /082 W
---------- 120977
R 301937Z JAN 76
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC 3154
INFO AMCONSUL MEDELLIN
AMCONSUL CALI

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EO: 11652: N/A
TAGS: PINT CO
SUBJ: THE WEEK IN COLOMBIA

1. SUMMARY. CIVIC DISORDERS AND GUERRILLA ACTIVITY IN DIVERSE AREAS OF COLOMBIA MAY COMPLICATE PRESIDENT LOPEZ' PLANS FOR THE LIFTING OF THE CURRENT STATE OF SIEGE. THE GOC HAS ANNOUNCED A TEN PERCENT CUT IN 1976 BUDGET OUTLAYS. THE COLOMBIAN AMBASSADOR TO THE GDR HAS STATED THAT COMECON WOULD SHORTLY SIGN AN AGREEMENT FOR THE ARRANGEMENT OF CREDITS FOR COLOMBIA. END SUMMARY.

2. DECISION ON LIFTING STATE OF SIEGE MADE DIFFICULT BY CONTINUED DISORDERS. IN SPITE OF PRESIDENT LOPEZ PROMISE TO LIFT THE STATE OF SIEGE SOON (75 BOGOTA 12222) AND REPORTS THAT IT WOULD BE LIFTED BY THE END OF THE MONTH (BOGOTA 783), RECENT EVENTS MAY HAVE DELAYED THAT DECISION. EXPECT FOR SOME DECLINE IN KIDNAPPINGS, THE CONDITIONS THAT LED TO THE IMPOSITION OF THE STATE OF SIEGE STILL EXIST. SPORADIC, LOCALIZED VIOLENCE IN VARIOUS AREAS CONTINUES TO PLAGUE THE GOC. VIOLENT STUDENT DEMONSTRATIONS IN MEDELLIN IN RECENT DAYS HAVE SO FAR RESULTED IN 24 PEOPLE INJURED
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AND 150 DETAINED. IN CALI, DEMONSTRATING HIGH SCHOOL STUDENTS INJURED A POLICE OFFICER, AND IN PASTO TEACHERS HURLED ROCKS IN A

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PROTEST WHICH PROMPTED THE POSITIONING OF ARMY UNITS NEAR GOVERNMENT BUILDINGS. ARSON IS BELIEVED TO HAVE CAUSED THE DESTRUCTION OF A SUGAR MILL AT THE RIOPAILA OPERATIONS WHERE WORKERS HAVE BEEN ON STRIKE FOR ALMOST TWO MONTHS (BOGOTA 783). IN THE TOWN OF TULUA, NEAR THE RIOPAILA MILL, DEMONSTRATIONS BY STUDENTS IN SOLIDARITY WITH STRIKING SUGAR WORKERS RESULTED IN THREE PEOPLE INJURED. MEANWHILE, ELN GUERRILLAS LAUNCHED A RAID IN THE DEPARTMENT OF CORDOBA LEAVING ONE DEAD AND FOUR WOUNDED. IN BOGOTA THE MILITARY INDUSTIRES CONFIRMED THAT ARMS AND AMMUNITION WERE STOLEN FROM ONE OF ITS WAREHOUSES. DESPITE CONTINUED DISRUPTIONS OF PUBLIC ORDER, LOPEZ FEELS STRONGLY THAT HE MUST MAKE GOOD HIS PROMISE TO LIFT THE STATE OF SIEGE WELL BEFORE THE APRIL MIDTERM ELECTIONS. WITH THAT IN MIND, HE DIRECTED HIS COUNCIL OF MINISTERS TO REVIEW THE SITUATION IN A MEETING THIS WEEK. FOLLOWING THAT MEETING, THE MINISTER OF DEFENSE SOUNDED A NOTE OF OPTIMISM BY STATING THT CONDITIONS HAD IMPROVED SIGNIFICANTLY OVER RECENT MONTHS. LOPEZ DOES HAVE AT HIS DISPOSAL A COMPROMISE SOLUTION. JUST AS THE STATE OF SIEGE WAS FIRST IMPOSED ON A GEOGRAPHICALLY SELECTIVE BASIS, IT COULD BE LIFTED IN SOME DEPARTMENTS AND LEFT IN EFFECT IN OTHERS. SUCH A SOLUTION WOULD SATISFY THE GOVERNOR OR ANTIOQUIA AND OTHERS WHO HAVE ARGUED THAT THEIR AREAS ARE NOT YET READY FOR "NORMALIZATION".

3. GOC ANNOUNCES BUDGET CUT. GOC ANNOUNCED A 10 PERCENT CUT IN THE 1976 OPERATIONS BUDGET. THE ADMINISTRATION POINTED TO THE FACT THAT GOVERNMENT EXPENDITURES HAD EXCEEDED THE APPROVED BUDGET BY 12 BILLION PESOS. IN SPITE OF A 50 PERCENT INCREASE IN TAX REVENUES, THERE WAS A YEAR-END CASH DEFICIT OF OVER 600 MILLION PESOS. WHILE GOVERNMENTS TRADITIONALLY DECREE EXPENDITURES IN EXCESS OF THE PLANNED BUDGET, AND THE DEFICIT IS MODEST AND NON-INFLATIONARY (THERE WAS 2 BILLION FOREIGN DEBT AND INTEREST PAID AND FLOATING DEBT WAS REDUCED BY 3 BILLION PESOS), THE ADMINISTRATION IS CONCERNED THAT THE BUREAUCRACY IS CONSUMING THE FRUITS OF ITS TAX REFORM. THE ADMINISTRATION COULD HAVE FOCUSED ON THE VERY POSITIVE ASPECTS OF ITS FISCAL PERFORMANCE IN 1975 BUT CHOSE TO PAINT A PICTURE OF RUNAWAY GOVERNMENT EXPENDITURES. THEY WERE LINING UP FOR AN ASSAULT ON THE BUREAUCRACY, AND THE FIRST ATTACK WAS ANNOUNCED LATER IN THE WEEK. NUMEROUS MINISTRIES WILL BE REORGANIZED AND THE REGIONAL DEVELOPMENT CORPORATIONS
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WILL BE TAKEN OUT OF THE MINISTRY OF AGRICULTURE AND PLACED UNDER PLANNING. THE MOVES GIVE THE MINISTERS GREATER CONTROL OVER THEIR MINISTRIES AND WILL PRESUMABLY ATTEMPT TO MAKE THE REGIONAL DEVELOPMENT CORPORATIONS INSTRUMENTS OF DEVELOPMENT.

4. COMECON-COLOMBIA CREDIT AGREEMENT. COLOMBIA'S AMBASSADOR TO THE GDR, CARLOS HOLMES TRUJILLO, TOLD THE PRESS THIS WEEK THAT COLOMBIA WOULD SIGN A TREATY WITH THE COMECON COUNTRIES WHICH WOULD ESTABLISH A CONSULTATIVE GROUP TO COORDINATE CREDIT FROM SOCIALIST COUNTRIES TO COLOMBIA. HE ALSO ANNOUNCED A $50 MILLION

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LINE OF CREDIT WITH THE GDR UNDER THE COMPENSATION AGREEMENT.
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